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ABSTRACT

This report presents the results of the 10th national biennial Survey of Corporate Support of Higher Education. Survey findings indicate: (1) There was a pronounced upturn in corporate support of education between 1970 and 1972. (2) Among 19 industries, ten reported increased dollar support of education between 1970 and 1972, while nine industries reported less dollar support of education in 1972 than in 1970. In two cases this was accompanied by a decline in pre-tax net income (PTNI). (3) A total of 671 companies supplied some information for the 1972 survey, and their reported contributions to education amounted to \$128.0 million. In comparison to the 1970 survey, this represents a decrease of about 1.2% in the number of corporations, and an increase of 2.6% in the total dollar support of education. (4) The 16 companies in the primary metals industry head the list, with educational support equal to 0.56% of the PTNI, roughly 2 1/2 the average for all companies participating in the survey. Changes in giving patterns, prospects for 1973, and national trends are discussed. The appendix includes corporate support of higher education and the expenditures of colleges and universities, a note on survey technique, and a note on pre-tax net income and contributions. (MJM)

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1972 CORPORATE SUPPORT OF HIGHER EDUCATION

Another Council Service

This survey is one of a continuing series of research activities conducted by the Council for Financial Aid to Education for the benefit of the business and educational communities.

Other Council services include informal publications designed to help broaden the base of educational support; counseling services to corporate and educational officials on problems relating to voluntary support of higher education; symposiums for corporate and college administrators; a nation-wide public service advertising campaign featuring the now familiar theme, "Give to the college of your choice"; and a series of luncheon meetings for top echelon business executives at which the financial needs of education are made known and the ways to help meet them discussed.

The Council itself neither solicits nor disburses funds for higher education. It is a non-profit service organization, founded in 1952 by five nationally prominent businessmen: Frank W. Abrams, Irving S. Olds, Alfred P. Sloan Jr., Henning W. Prentis, and Walter P. Paepcke, to stimulate the widest possible support of higher education, especially by business. Originally funded by four major foundations, the Carnegie Corporation of New York, The Ford Foundation, the Rockefeller Foundation, and the Alfred P. Sloan Foundation, it now draws its support from more than 300 leading American corporations.



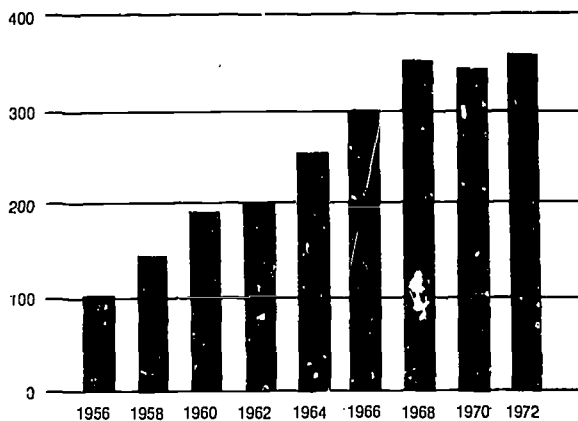
Council for Financial Aid to Education
680 Fifth Avenue, New York, N. Y. 10019 (212) 541-4050

1972 Corporate Support of Higher Education

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ESTIMATED TOTAL CORPORATE SUPPORT
OF EDUCATION IN SURVEY YEARS
(millions of dollars)



Introduction

This report presents the results of the tenth national biennial Survey of Corporate Support of Higher Education. The information obtained from this and previous Surveys provides the base from which the CFAE makes the authoritative estimates of total corporate support of education shown on the accompanying chart and in Table 1 on the next page.

As indicated, total corporate support of education in 1972 recovered much of the lost ground which resulted from the recession of 1969-70. While the 1972 estimate of \$365 million is higher than the 1968 estimate of \$355 million, it did not quite reach the \$375 million estimated for 1969, which was a non-Survey year.

It is clear, therefore, that the time has come for many in the corporate community to reassess what they are doing in their own best interests in terms of supporting higher education. We hope that this report will help those in business and industry to relate their own response to the urgent needs of higher education and to that of other companies of comparable size and structure. We hope also that it will be useful to others who are concerned about the financial health of higher education. Questions, comments, and suggestions about the information in this report are most welcome.

To all those who devoted time and effort to provide us with the information upon which this report is based, we express our deepest appreciation.

Raymond C. Johnson
President
Council for Financial Aid to Education

September 1973

Part I. National Trends

Estimated Corporate Support Is Up

The companies participating in the 1972 Survey of Corporate Support of Education account for 54% of all corporate profits before taxes as estimated by the U.S. Department of Commerce, and for about one-third of estimated total corporate contributions and gifts as reported to the Internal Revenue Service for tax purposes.

While the number of companies in the Survey is quite small in relation to the number of incorporated enterprises in the business community, the information reported by the participating companies, taken in conjunction with information from other sources, provides a base from which the CFAE estimates national totals for corporate support of education. These estimates and some related figures are shown in Table I and on Charts 1, 2, and 3. Several features of these data are worth highlighting:

1. Corporate support of education is estimated to have risen from \$340 million in 1970 to \$365 million in 1972, an increase of 7.4%.
2. In 1971 (a non-Survey year), corporate support of education is estimated to have been \$345 million;

the increase in 1972, therefore, amounted to 5.8% over 1971.

3. The 1972 estimate is the second highest level ever attained and only 2.7% below the record level of \$375 million estimated for 1969.
4. For the corporate community as a whole, educational support in 1972 was equal to 0.37% of total pre-tax net income. Although this figure is less than those for the preceding five years, it is in line with the pre-1968 trend.
5. Corporate aid to education in 1972 accounted for an estimated 43.4% of the total corporate contributions dollar; this may be the highest level on record.
6. The final IRS tabulations of corporate income tax returns for 1970 show that total corporate contributions and gifts for all purposes fell from \$1,055 million in 1969 to \$797 million in 1970, a decrease of 24.5%. This drop is much larger than had previously been estimated, and it appears to reflect not only a major decline in corporate contributions to charitable recipients but also a sharp decrease in

Table I. NATIONAL TRENDS IN CORPORATE PRE-TAX NET INCOME AND CONTRIBUTIONS*

Year	Corporate Pre-Tax Net Income** (billions of dollars)	Corporate Contributions (millions of dollars)		Contributions as a Percentage of Corporate Pre-Tax Net Income		Educational Support as a Percentage of Total Contributions
		Total†	Education‡	Total	Education	
1950	42.6	252	43	0.59	0.10	17.0
1957	47.2	419	120	0.89	0.25	28.6
1958	41.4	395	137	0.95	0.33	34.7
1959	52.1	482	160	0.93	0.31	33.2
1960	49.7	482	178	0.97	0.36	36.9
1961	50.3	512	190	1.02	0.38	37.1
1962	55.4	595	200	1.07	0.36	33.6
1963	59.4	657	225	1.11	0.38	34.2
1964	66.8	729	250	1.09	0.37	34.3
1965	77.8	785	283	1.01	0.36	36.1
1966	84.2	805	300	0.96	0.36	37.3
1967	79.8	830	315	1.04	0.39	38.0
1968	87.6	1,005	355	1.15	0.41	35.3
1969	84.9	1,055	375	1.24	0.44	35.5
1970	74.0	797	340	1.08	0.46	42.7
1971	85.1	840***	345	0.99	0.41	41.1
1972	98.0	840***	365	0.86	0.37	43.4

* See Appendix III for definitions.

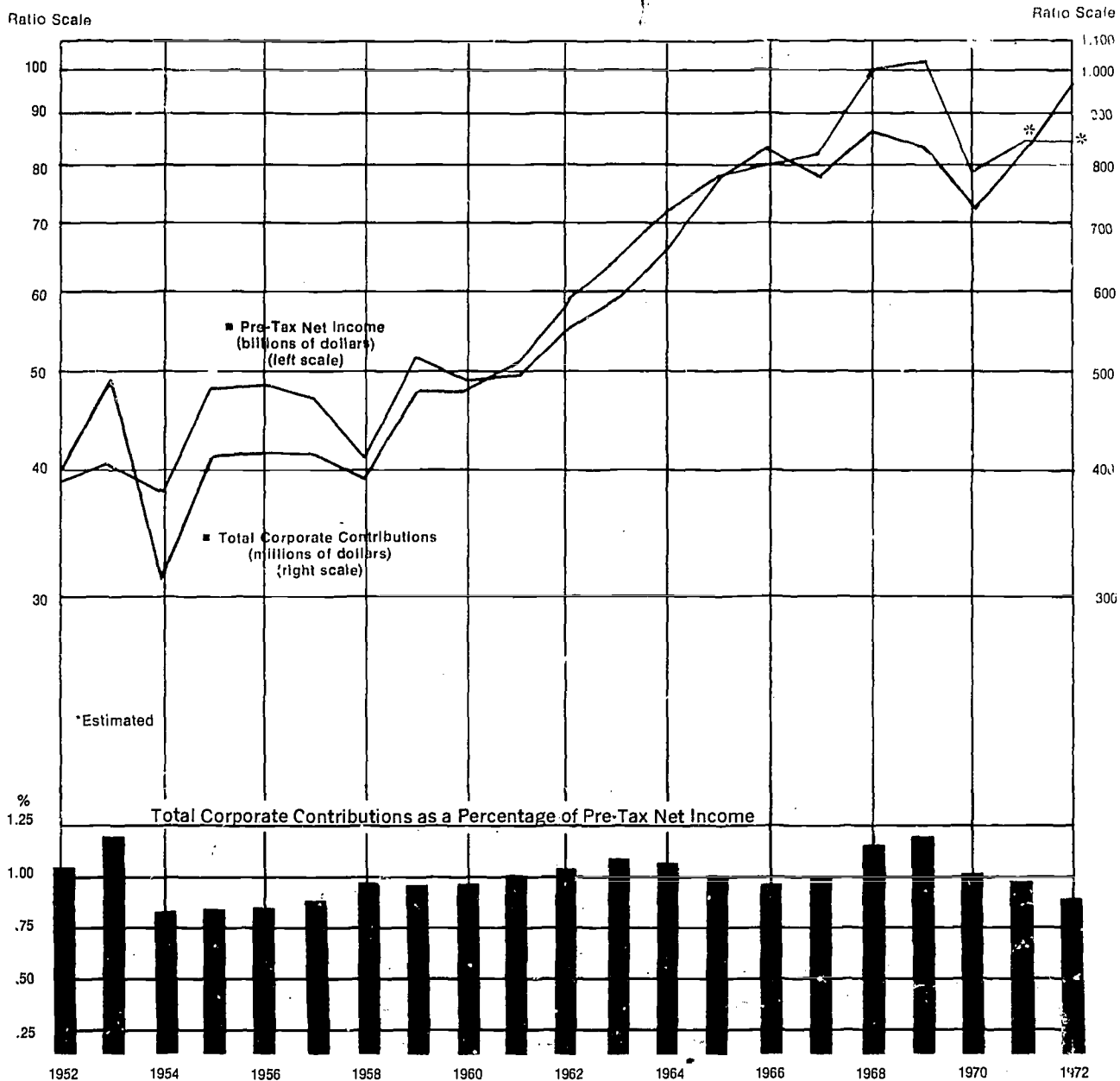
** U.S. Department of Commerce.

*** American Association of Fund-Raising Counsel.

† Internal Revenue Service.

‡ CFAE.

Chart 1
TOTAL PRE-TAX NET INCOME AND CONTRIBUTIONS



the transfers of funds between corporations and their own sponsored foundations (see p. 5).

7. The actual figure for total corporate contributions in 1972 will not be known until 1975. The indicated estimate of \$840 million implies an increase of 5.4% over 1970, and only 0.86% of total corporate pre-tax net income, the lowest level since 1957.

In view of the rapid increase of corporate profits, this estimate may prove to be too low.

8. The decline since 1970 in the contributions figures as percentages of pre-tax net income reflects not only the modest increases in the dollar amounts of contributions but also a very rapid gain in corporate profits during the last two years. Total corporate

pre-tax net income rose 32.4% between 1970 and 1972, a rate of increase that reflects both a depressed level of profits in 1970 and a robust recovery in the two years following.

9. If corporate support of education had amounted to 1% of pre-tax net income, a goal which many urge, the national total in 1972 would have been \$980 million, or 168% more than the amount estimated.

Factors Affecting Corporate Contributions

The levels of corporate support of higher education in recent years have been affected by the general developments in corporate philanthropy. Some of these developments have been rather more extreme than at any time since the mid-1950's.

As indicated in Table I and on Chart 1, total corporate contributions were at unusually high levels, both in dollars and as a percentage of pre-tax net income, in 1968 and 1969. The actual figure for 1970 and the estimates for 1971 and 1972 show a return to levels more consistent with the pre-1968 pattern of growth; this observation would be even more accurate if the current estimates for 1971 and 1972 should prove to be somewhat too low.

The causes of this development are complex. The rise and fall of corporate earnings has had a significant impact, but the intercorrelation is far from perfect (see Chart 1). It is probable that the Tax Reform Act of 1969 and the 10% income tax surcharge, which was in effect in 1968 and 1969, also constituted major influences on corporate giving policies and affected the growth patterns. The emergence of acute corporate interest in the social responsibility of business was another important cause of the upturn in 1968.

However, there is a technical factor involved which tends to create a very significant distortion in the picture from time to time and especially when there are significant fluctuations in corporate profits. The IRS tabulations of

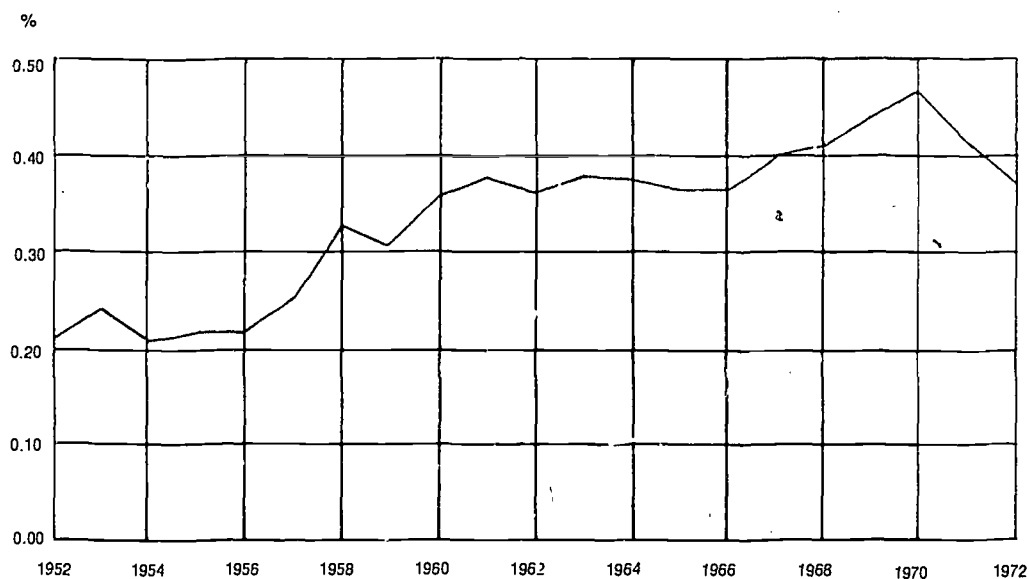
corporate contributions and gifts **include** the grants made by business corporations to their own sponsored foundations, and **exclude** the grants made by company-sponsored foundations to colleges, universities, and other charitable recipients. Under normal circumstances, these two items are likely to be approximately the same in amount. When corporate earnings are low and falling, however, the grants to company foundations are likely to be less than grants by the foundations to philanthropic recipients; conversely, when corporate earnings are high and rising, corporate grants to company foundations are likely to exceed the grants made by the foundations themselves.

It is apparent that the 24.5% drop in total corporate contributions from 1969 to 1970 bears the imprint of this technical factor to an important extent. Corporate profits before taxes fell from \$87.6 billion in 1968 to \$74.0 billion in 1970, a decrease of 15.5%. In terms of corporate income reported for tax purposes, the decline was even more severe — 22.9%. This was the longest and deepest drop in corporate profits since 1958, and it undoubtedly resulted in a significant cut-back in corporate allocations to company-sponsored foundations. The foundations themselves, on the other hand, continued to disburse grants to education and other charities to the extent that their resources permitted.

The CFAE tabulations of total corporate contributions and educational support, by contrast, carefully **exclude** the transfers of funds between a corporation and its own sponsored foundation, and specifically **include** the grants made by company-sponsored foundations. The grants attributed to corporations in this Survey, therefore, include those made directly to charitable recipients (other than company-sponsored foundations) **and** those made by company-sponsored foundations. Much of the variation in educational support by corporations as a percentage of their total contributions, as shown in Table I, is the result of this technical factor rather than any fundamental shift in corporate contributions policy.

Chart 2

ESTIMATED TOTAL CORPORATE SUPPORT OF EDUCATION AS A PERCENTAGE OF PRE-TAX NET INCOME



The Underlying Trend

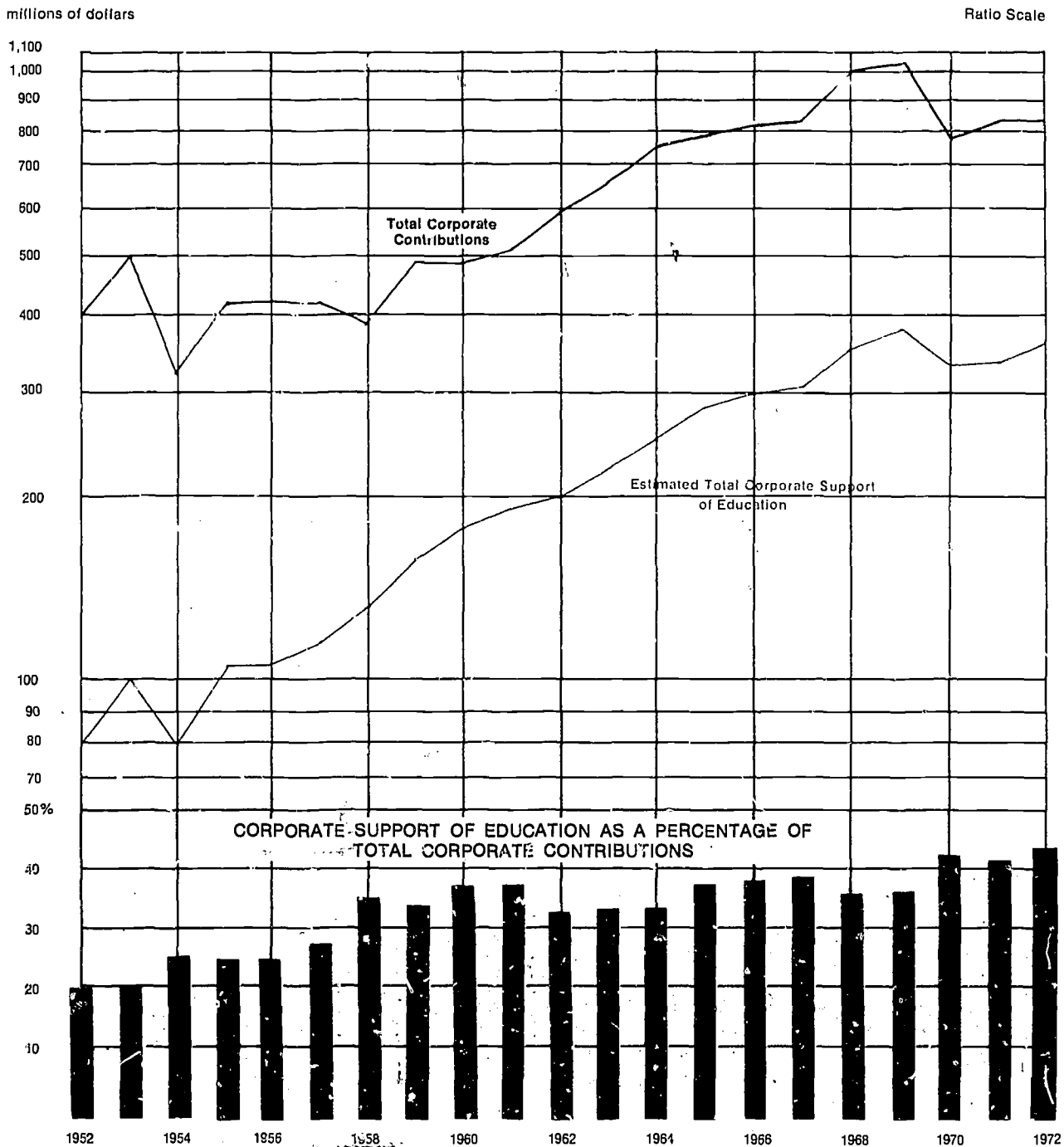
As is indicated on the introductory chart, the upward trend of corporate support of education in dollars has been resumed. However, as indicated on Chart 2, there has been a decline in such support when measured as a percentage of pre-tax net income (PTNI). But this decline in 1971 and 1972 is more a reflection of the 32.4% increase of PTNI in these two years than of changes in the dollar amount of corporate support of education. When due allowance is made for this, it can be seen that the 0.37% shown for 1972 on Chart 2 is consistent with the long-run upward trend of this yardstick.

It should be noted that educational support as a percentage of PTNI is significantly higher for the entire corporate community (0.37) than it is for the 475 companies participating in this Survey (0.22), as shown in Table III. The difference is explained by the fact that the smaller companies, which account for more than two-thirds of all corporate aid to education, contribute at levels that

represent significantly higher percentages of PTNI than is true of the larger companies, as suggested by the data for manufacturers given in Table IV. And the smaller companies are very much under-represented in the Survey sample.

The relationship between total corporate support of education and total corporate contributions is shown on Chart 3. Both have grown at very high rates since the mid-1950's and both reflect the dislocations of the 1968-1972 period. As a percentage of corporate contributions, corporate support of education decreased sharply in 1968-69 and then rose to record levels in 1970-72. Both of these swings reflect the fact that total contributions have been much less stable than educational support, and this in turn may reflect the changes in corporate contributions to their own foundations, as discussed on page 5. If so, it is highly likely that educational support as a percentage of the total will resume its normal trend within a year or two.

Chart 3
THE CONTRIBUTIONS DOLLAR AND EDUCATION



Part II.

The Survey Findings

Educational Support Turns Up Again

The detailed information obtained in this Survey indicates clearly that there was a pronounced upturn in corporate support of education between 1970 and 1972. It is also clear that the increase was smaller than the rise of corporate pre-tax net income (PTNI).

For the 289 companies that took part in both the 1970 and 1972 Surveys:

1. Contributions to education —
 - Increased from \$94.7 million in 1970 to \$101.7 million in 1972, or by 7.5%.
 - Increased as a share of the total contributions dollar from 38.9% in 1970 to 39.6% in 1972.
 - Decreased from 0.28 to 0.22 as a percentage of pre-tax net income (PTNI).
2. Total contributions for all purposes —
 - Rose from \$243.6 million in 1970 to \$257.1 million in 1972, a gain of 5.5%.
 - Decreased from 0.72 to 0.56 as a percentage of PTNI.
3. Pre-tax net income —
 - Grew from \$33.8 billion in 1970 to \$45.8 billion in 1972, an increase of 35.5%.

Table II SUPPORT OF EDUCATION, TWO SURVEY YEARS
(289 Companies Participating in Both Surveys)

Industry:	1972					1970					Support of Education, % Change 1970-1972
	Support of Education				Support of Education						
	Pre-Tax Net Income (000)	Amount	As % of PTNI	As % of Total Contributions	Pre-Tax Net Income (000)	Amount	As % of PTNI	As % of Total Contributions			
BANKS (32)	\$ 1,601,160	\$ 3,815,942	.24	32.6	\$ 1,473,287	\$ 3,428,296	.23	28.6	+ 11.2		
ENGINEERING & CONSTRUCTION (3)	132,017	446,498	.34	63.8	112,850	461,558	.41	63.8	- 3.2		
INSURANCE (33)	1,403,929*	3,309,544	.24	33.7	924,031*	2,907,479	.31	34.1	+ 12.1		
MANUFACTURING (155)	30,697,249	84,054,638	.27	45.1	20,820,611	77,465,668	.37	44.3	+ 8.5		
Chemicals (31)	5,436,862	17,709,078	.33	50.3	4,363,338	16,419,391	.38	48.9	+ 8.0		
Electrical Machinery (18)	5,571,802	22,511,583	.40	50.9	4,416,159	17,886,251	.41	50.8	+ 25.9		
Fabricated Metal (10)	175,942	618,958	.35	26.6	212,944	772,343	.36	33.2	- 19.9		
Food, Beverage & Tobacco (15)	994,867	2,589,480	.26	31.0	900,998	1,902,905	.21	24.5	+ 36.1		
Machinery (17)	772,650	1,924,107	.25	30.6	579,555	2,933,399	.50	38.7	- 34.4		
Mining (8)	307,717	706,473	.23	39.4	573,055	827,893	.14	38.1	- 14.7		
Paper (6)	248,899	677,235	.27	31.6	162,932	472,748	.29	25.3	+ 43.3		
Petroleum & Gas (18)	9,136,278	15,465,154	.17	50.6	6,505,968	15,784,542	.24	50.3	- 2.0		
Primary Metal (12)	901,107	5,373,818	.60	37.0	899,479	6,786,436	.75	41.9	- 20.8		
Printing & Publishing (4)	121,091	369,465	.31	42.1	108,190	412,636	.38	43.9	- 10.5		
Rubber (4)	299,162	754,917	.25	38.5	131,596	737,600	.56	32.8	+ 2.3		
Transportation Equipment (12)	6,730,872	15,354,370	.23	40.2	1,966,397	12,529,524	.64	37.5	+ 22.5		
MERCHANDISING (9)	1,458,619	2,801,504	.19	17.3	1,129,074	2,922,676	.26	16.9	- 4.1		
TELECOMMUNICATIONS (15)	7,462,225	2,427,162	.03	19.5	7,088,565	2,931,012	.04	24.1	- 17.1		
TRANSPORTATION (4)	341,996	956,837	.28	33.1	209,591	950,714	.45	33.4	+ 0.6		
UTILITIES (38)	2,454,165	3,914,103	.16	29.9	2,023,627	3,599,980	.18	30.3	+ 8.7		
TOTAL (289)	\$45,551,360	\$101,726,228	.22	39.6	\$33,781,636	\$94,667,383	.28	38.9	+ 7.5		

* Net gain from operations after dividends to policyholders, excluding capital gains and losses.

Ten Industries Increase Dollar Support

Among the 19 industries listed on Table II, there were ten that reported increased dollar support of education between 1970 and 1972. In two cases (banks; food, beverage & tobacco) the increase in educational support was larger, percentagewise, than the increase in PTNI, so that there was an increase in educational support as a percentage of PTNI. In the other eight industries, the increase in educational support was smaller than the increase in PTNI.

There were nine industries that reported less dollar support of education in 1972 than in 1970. In two cases this was accompanied by a decline in PTNI, and in one of those (mining) the reduction in educational support was much smaller than the decline in PTNI so that there was an increase in educational support as a percentage of PTNI. In the other seven industries there was a decrease in educational support despite increases in PTNI.

Table III. TOTAL CONTRIBUTIONS AND EDUCATIONAL SUPPORT IN RELATION TO PRE-TAX NET INCOME, ASSETS, AND SALES, BY INDUSTRY, 1972

Industry	Pre-Tax Net Income (000)	Assets (000)	Net Sales (000)	Total Contributions	Support of Education	Support of Welfare & Others
BANKS (60)	\$ 1,896,688	\$230,288,217	\$ 12,695,993*	\$ 18,111,565	\$ 4,505,346	\$ 13,606,219
ENGINEERING & CONSTRUCTION (9)	246,659	3,046,803	4,010,712	1,456,306	576,009	880,297
FINANCE (5)	302,147	12,281,827	852,267*	1,331,452	512,575	818,877
INSURANCE (64)	2,418,588†	179,817,438	42,022,689‡	16,924,910	5,451,148	11,473,762
MANUFACTURING (246)	34,778,194	293,379,637	327,197,175	215,373,950	96,607,139	118,766,811
Chemicals (40)	5,926,895	38,135,841	39,137,507	39,780,869	19,940,366	19,840,503
Electrical Machinery (33)	6,002,066	43,430,199	49,394,191	48,091,988	24,053,305	24,038,683
Fabricated Metal (19)	332,013	6,803,345	7,617,624	2,978,173	721,981	2,256,192
Food, Beverage & Tobacco (22)	1,143,962	10,496,922	17,492,100	9,508,224	3,029,512	6,478,712
Machinery (26)	1,083,470	12,522,438	14,861,774	8,327,159	2,399,718	5,927,441
Mining (10)	350,225	5,893,883	3,867,213	2,006,960	829,673	1,177,287
Paper (13)	555,265	7,209,271	7,868,684	4,764,876	1,813,765	2,951,111
Petroleum & Gas (23)	10,274,342	89,036,723	81,003,913	35,481,006	18,539,951	16,941,055
Primary Metal (16)	976,917	20,670,661	16,715,632	15,055,180	5,499,952	9,555,228
Printing & Publishing (9)	190,542	1,334,121	1,477,629	1,347,313	638,076	709,237
Rubber (6)	662,501	7,537,641	8,714,265	3,613,441	1,265,752	2,347,689
Stone, Clay & Glass (5)	97,646	861,327	866,474	671,489	236,251	438,238
Textiles (8)	177,088	2,526,102	3,469,963	3,901,013	1,869,461	2,031,552
Transportation Equipment (16)	7,005,262	46,921,163	74,710,206	39,843,259	15,769,376	24,073,883
MERCHANDISING (11)	1,531,101	13,810,461	20,113,116	16,815,517	2,860,114	13,955,403
TELECOMMUNICATIONS (19)	7,890,870	109,486,834	40,634,737	13,834,474	2,703,183	11,131,291
TRANSPORTATION (6)	479,418	11,657,348	7,115,170	4,420,189	1,179,682	3,240,507
UTILITIES (55)	3,423,786	57,784,225	17,469,272	15,681,812	4,828,381	10,853,431
TOTAL (475)	\$52,967,451	\$911,552,790	\$472,111,131	\$303,950,175	\$119,223,577	\$184,726,598
Totals for 1970 for 505 companies participating in 1970 Survey	\$36,860,067	\$740,958,558	\$367,830,014	\$304,893,757	\$115,712,801	\$189,180,956

* Total business receipts.

† Net gain from operations after dividends to policyholders, excluding capital gains and losses.

‡ Total premium income and net investment income.

Education Gets Larger Share of Contributions Dollar

A total of 671 companies supplied some information for the 1972 Survey, and their reported contributions to education amounted to \$128.0 million. In comparison to the 1970 Survey, this represents a decrease of about 1.2% in the number of corporations, and an increase of 2.6% in the total dollar support of education.

There were 475 companies which supplied complete information on their contributions in 1972 and for which the CFAE could obtain the appropriate financial data (see Table III). The comparable group in the 1970 Survey contained 505 companies. The comparative results are shown below. It should be noted that a larger amount of educational support was reported in 1972 than in

Total Contributions as a % of:			Educational Support as a % of:			Percentage of Total Contributions to:		Industry
PTNI	Assets	Net Sales	PTNI	Assets	Net Sales	Education	Welfare & Other	
.955	.008	.143	.238	.002	.035	24.9	75.1	BANKS (60)
.590	.048	.036	.234	.019	.014	39.6	60.4	ENGINEERING & CONSTRUCTION (9)
.441	.011	.156	.170	.004	.060	38.5	61.5	FINANCE (5)
.700	.009	.040	.225	.003	.013	32.2	67.8	INSURANCE (64)
.619	.074	.066	.276	.033	.030	44.9	55.1	MANUFACTURING (246)
.671	.104	.102	.336	.052	.100	50.1	49.9	Chemicals (40)
.801	.111	.097	.401	.055	.049	50.0	50.0	Electrical Machinery (33)
.897	.044	.039	.217	.011	.095	24.2	75.8	Fabricated Metal (19)
.831	.091	.054	.265	.029	.017	31.9	68.1	Food, Beverage & Tobacco (22)
.769	.066	.056	.221	.019	.016	28.8	71.2	Machinery (26)
.573	.034	.052	.237	.014	.021	41.3	58.7	Mining (10)
.858	.066	.061	.327	.025	.023	38.1	61.9	Paper (13)
.345	.040	.044	.180	.021	.023	52.3	47.7	Petroleum & Gas (23)
1.541	.073	.090	.563	.027	.033	36.5	63.5	Primary Metal (16)
.707	.101	.091	.334	.048	.043	47.4	52.6	Printing & Publishing (9)
.545	.048	.041	.191	.017	.015	35.0	65.0	Rubber (6)
.691	.078	.078	.242	.027	.027	35.0	65.0	Stone, Clay & Glass (5)
2.203	.154	.112	1.056	.074	.054	47.9	52.1	Textiles (8)
.569	.085	.053	.225	.034	.021	39.6	60.4	Transportation Equipment (16)
1.098	.122	.084	.187	.021	.014	17.0	83.0	MERCHANDISING (11)
.175	.013	.034	.034	.002	.007	19.5	80.5	TELECOMMUNICATIONS (19)
.922	.038	.062	.246	.010	.017	26.7	73.3	TRANSPORTATION (6)
.458	.027	.090	.141	.008	.028	30.8	69.2	UTILITIES (55)
.574	.033	.064	.225	.013	.025	39.2	60.8	TOTAL (475)
.827	.041	.083	.314	.016	.031	38.0	62.0	Totals for 1970 for 505 companies participating in 1970 Survey

1970 despite the fact that total corporate contributions were about the same. As a consequence, educational support as a share of the total contributions dollar increased appreciably.

	1970	1972
Pre-tax net income	\$ 36.9 billion	\$ 53.0 billion
Educational contributions	\$115.7 million	\$119.2 million
Total contributions	\$304.9 million	\$304.0 million
Educational contributions as a % of PTNI	0.314	0.224
Total contributions as a % of PTNI	0.827	0.574
Educational contributions as a % of total contributions	38.0	39.2

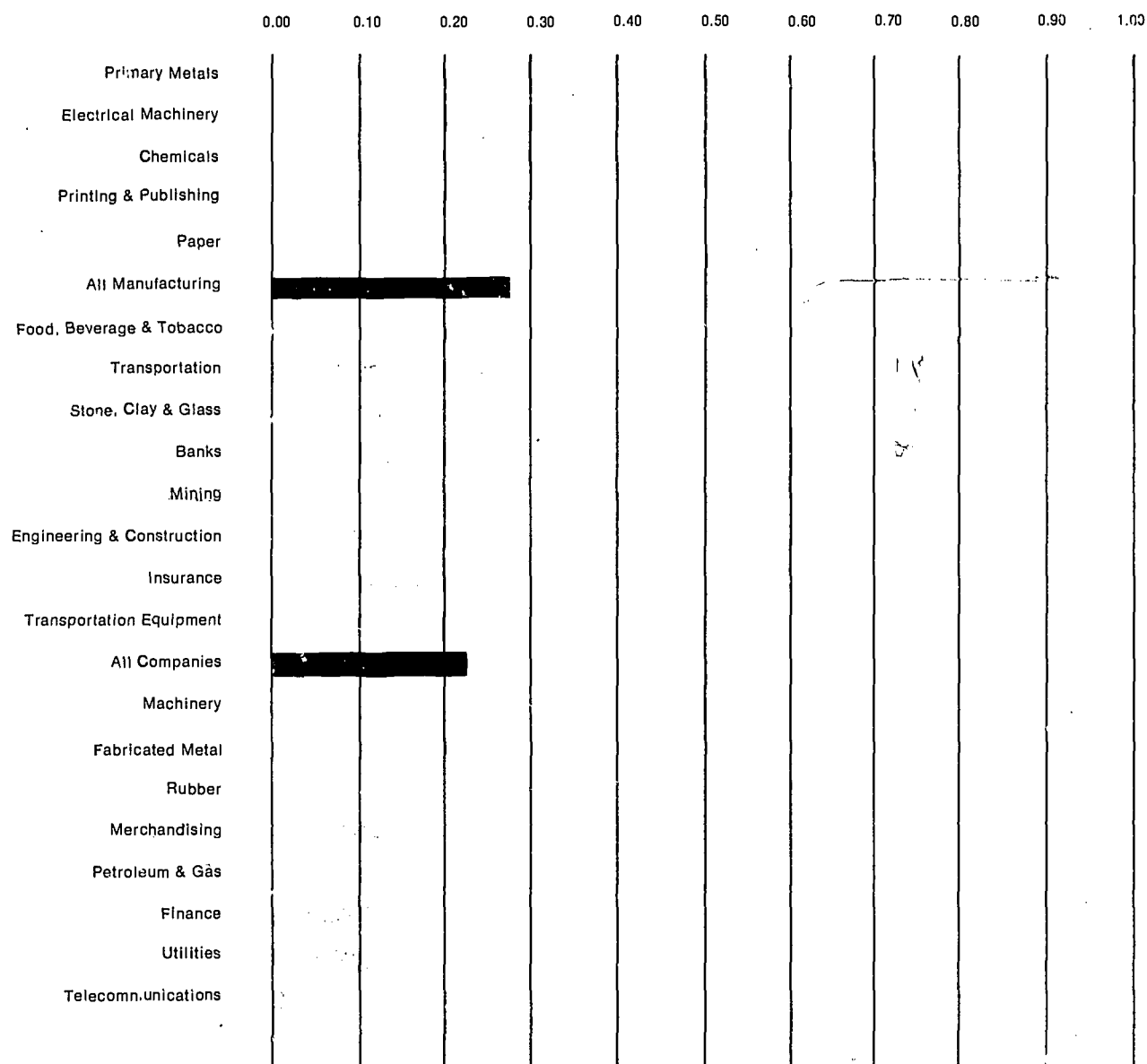
If these 475 companies had provided aid to education in

1972 at the national average in terms of percentage of PTNI, then their educational contributions would have been \$198.0 million, nearly 66% more than the \$119.2 million reported in the Survey. If they had given 1% of PTNI to education, their support would have amounted to \$532 million.

Although pre-tax net income (PTNI) is commonly used as a base against which to compare educational support and other contributions, Table III also includes information on corporate sales and assets, for the benefit of those who might be interested in seeing the effects of using these alternative standards.

Chart 4

EDUCATIONAL SUPPORT AS A PERCENTAGE OF PRE-TAX NET INCOME, 1972, BY INDUSTRY



Primary Metals Leads Industries, with 0.56% of PTNI

The relative performance of 21 out of the 22 tabulated industries, in terms of educational support as a percentage of PTNI, is shown on Chart 4. The textiles industry was omitted for technical reasons.

The 16 companies in the primary metals industry head the list with educational support equal to 0.56% of PTNI, roughly two and one-half times the average for all companies participating in the Survey.

The 19 companies in the telecommunications industry, which are affected by the policies of the regulatory agencies, contributed only 0.03% of PTNI to education, about one-seventh of the Survey average.

The 246 manufacturing companies collectively gave 0.276% of PTNI in support of education. This compares with an average of 0.124% of PTNI for the 229 companies in non-manufacturing industries.

Table IV. CONTRIBUTIONS BY MANUFACTURING COMPANIES, BY PURPOSE:
As a Percentage of Pre-Tax Net Income, by Size of PTNI, 1972

	Total	Education	Welfare & Other	Percentage of Total Contributions Education	Percentage of Total Contributions Welfare & Other
Net Loss (7)				34.8	65.2
Net Income less than \$5 million (26)	1.44	.38	1.06	26.1	73.9
\$ 5 million under \$ 10 million (26)	1.09	.37	.72	33.8	66.2
\$ 10 million under \$ 25 million (53)	1.30	.37	.93	28.3	71.7
\$ 25 million under \$ 50 million (39)	.98	.42	.56	42.7	57.3
\$ 50 million under \$100 million (32)	.76	.33	.43	43.3	56.7
\$100 million under \$500 million (50)	.66	.27	.39	40.5	59.5
\$500 million and over (13)	.49	.25	.24	51.4	48.6
All Manufacturing Companies (246)	.62	.28	.34	44.9	55.1

As a Percentage of Total Assets, by Size of Assets, 1972

	Total	Education	Welfare & Other	Percentage of Total Contributions Education	Percentage of Total Contributions Welfare & Other
Less than \$5 million (0)					
\$ 5 million under \$ 25 million (6)	.12	.02	.10	16.3	83.7
\$ 25 million under \$ 50 million (19)	.14	.04	.10	27.7	72.3
\$ 50 million under \$100 million (30)	.16	.04	.12	24.4	75.6
\$100 million under \$250 million (49)	.11	.04	.07	40.0	60.0
\$250 million under \$500 million (32)	.10	.04	.06	43.4	56.6
\$500 million under \$ 1 billion (40)	.07	.03	.04	34.9	65.1
\$ 1 billion and over (70)	.07	.03	.04	46.9	53.1
All Manufacturing Companies (246)	.07	.03	.04	44.9	55.1

As a Percentage of Net Sales, by Size of Sales, 1972

	Total	Education	Welfare & Other	Percentage of Total Contributions Education	Percentage of Total Contributions Welfare & Other
Less than \$5 million (0)					
\$ 5 million under \$ 25 million (4)	.05	.02	.03	33.7	66.3
\$ 25 million under \$ 50 million (15)	.30	.04	.26	14.7	85.3
\$ 50 million under \$100 million (24)	.08	.02	.06	29.6	70.4
\$100 million under \$250 million (51)	.08	.03	.05	41.1	58.9
\$250 million under \$500 million (43)	.11	.05	.06	46.2	53.8
\$500 million under \$ 1 billion (35)	.08	.03	.05	41.1	58.9
\$ 1 billion and over (74)	.06	.03	.03	45.8	54.2
All Manufacturing Companies (246)	.07	.03	.04	44.9	55.1

Table IV shows the performance of 246 companies in the manufacturing industries, ranked by size categories. As indicated in previous Surveys, these data indicate clearly that:

- the larger the company, the smaller its level of total contributions as a percentage of assets, sales, and PTNI.

- the larger the company, the larger the share of education contributions in the total contributions dollar.

As indicated in Table III, companies in manufacturing industries typically give to education a larger share of the total contributions dollar than companies in non-manufacturing industries.

Table V. CORPORATE CONTRIBUTIONS TO EDUCATION BY MAJOR MARKETING AREAS, 1972

Marketing Area, with Number of Companies Reporting	Pre-Tax Net Income (000)	Support of Education	Support of Education as a % of PTNI*	Total Contributions	Support of Education as a % of Total Contributions*
AKRON (5)	\$ 581,142	\$ 1,032,585	0.18	\$ 2,913,789	35.4
BALTIMORE (5)	212,539	409,415	0.19	1,364,803	30.0
BOSTON (17)	629,909	1,131,459	0.18	4,057,708	27.9
CHICAGO (32)	3,775,894	7,462,667	0.20	26,789,898	27.9
CINCINNATI-DAYTON (6)	597,319	2,876,538	0.48	6,230,572	46.2
CLEVELAND (21)	853,816	4,112,021	0.48	9,781,941	42.0
DALLAS-FT. WORTH (5)	250,784	599,648	0.24	1,493,076	40.2
DES MOINES (6)	159,369	410,501	0.26	792,307	51.8
DETROIT (15)	7,169,583	16,123,995	0.22	38,374,317	42.0
HARTFORD (8)	667,120	986,667	0.15	4,800,586	20.6
HOUSTON (8)	1,250,247	3,158,036	0.25	7,413,870	42.6
INDIANAPOLIS (8)	359,009	765,062	0.21	2,769,676	27.6
KANSAS CITY (10)	209,043	309,090	0.15	1,459,775	21.2
LOS ANGELES (22)	1,400,760	3,357,428	0.24	9,679,506	34.7
MILWAUKEE (11)	373,827	1,071,754	0.29	3,315,795	32.3
MINNEAPOLIS-ST. PAUL (20)	1,116,516	3,096,262	0.28	7,761,424	39.9
NEW YORK, Westchester Southern Conn./N.J. (82)	21,748,999	40,579,615	0.19	92,231,294	44.0
PHILADELPHIA (14)	733,320	1,650,482	0.23	5,553,061	29.7
PITTSBURGH (15)	2,041,003	7,950,786	0.39	17,780,800	44.7
ST. LOUIS (12)	741,871	778,695	0.10	3,493,521	22.3
SAN FRANCISCO (16)	2,329,309	4,177,249	0.18	11,656,020	35.8

SURVEY AVERAGES (475 COMPANIES)

*In view of the fact that some of the marketing areas are represented by a relatively small number of companies, major importance should not be attached to minor differences in the percentage figures.

Cincinnati-Dayton and Cleveland Lead Marketing Areas with 0.48% of PTNI

The geographical differences in corporate support of education are displayed in Table V and on Charts 5A and 5B. The only marketing areas shown are those for which five or more companies took part in the Survey and supplied adequate information.

As a percentage of PTNI, educational contributions in 1972 ranged from a high of 0.48 for the 27 companies in

Cincinnati-Dayton and Cleveland to a low of 0.10 for the 12 companies in St. Louis. The Survey average, including companies from areas not shown, was 0.22.

As a share of total corporate contributions, educational support ranged from a high of 51.8% for the six companies in Des Moines to a low of 20.6% for the eight companies in Hartford. The Survey average was 39.2%.

Chart 5A
CORPORATE SUPPORT OF EDUCATION AS A PERCENTAGE OF
PRE-TAX NET INCOME, 1972, BY MARKETING AREAS

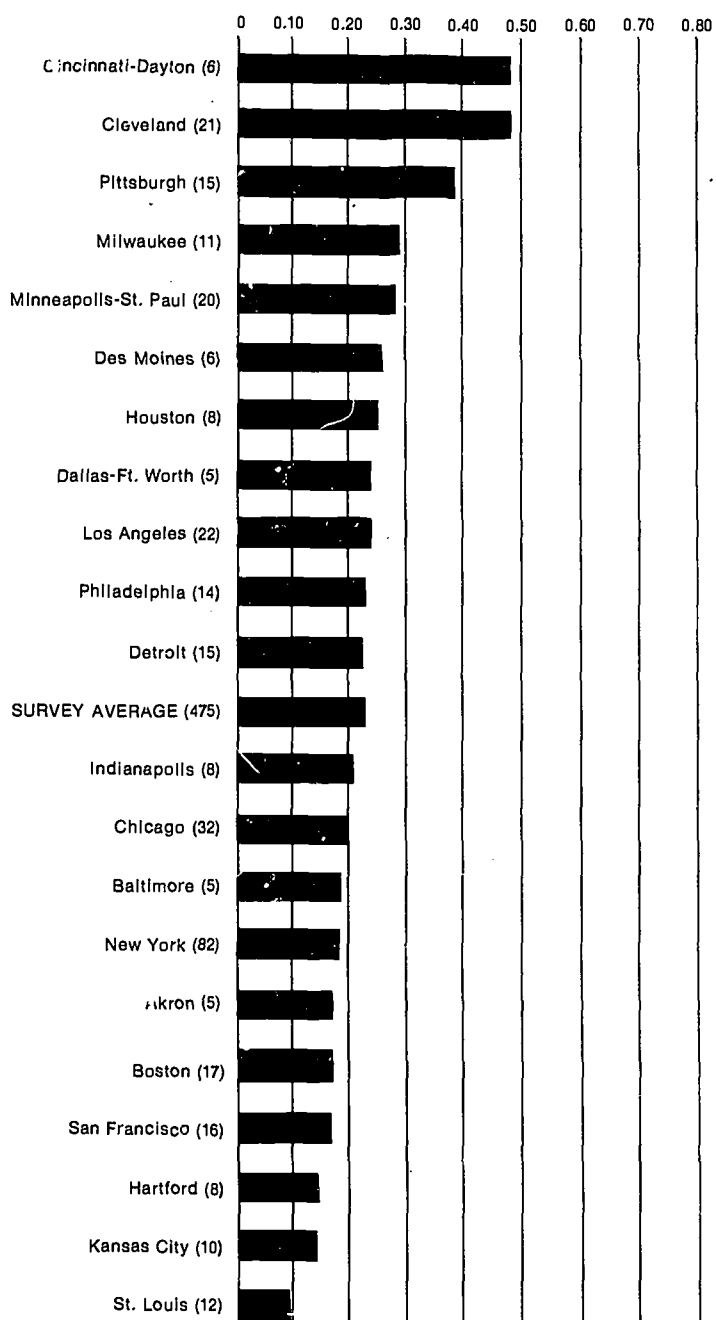


Chart 5B
CORPORATE SUPPORT OF EDUCATION AS A PERCENTAGE OF
TOTAL CONTRIBUTIONS, 1972, BY MARKETING AREAS

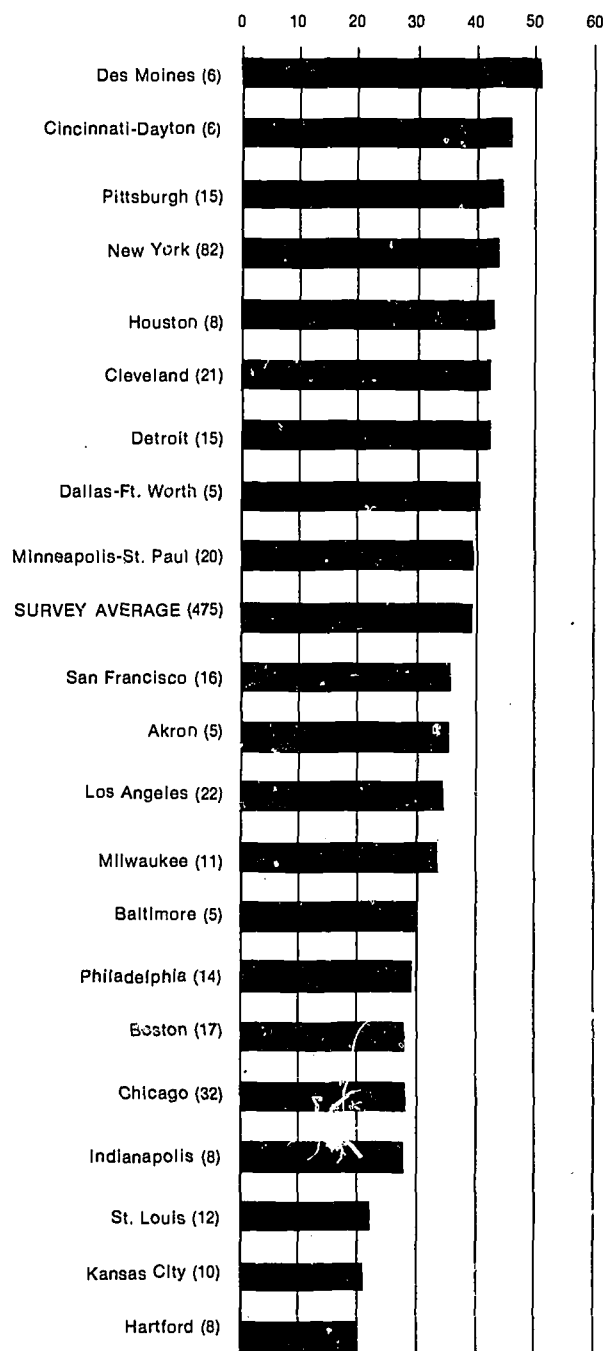


Table VI. PURPOSES OF EDUCATIONAL SUPPORT, 1972 vs. 1970*
(Amounts in thousands)

	CURRENT OPERATIONS			CAPITAL PURPOSES			TOTAL		
	1972	1970		1972	1970		1972	1970	
SUPPORT OF COLLEGES AND UNIVERSITIES:									
DIRECT GRANTS									
UNRESTRICTED GRANTS	\$ 27,667	22.9%	25.9%	\$ 9,615	7.9%	9.3%	\$ 37,282	30.8%	35.2%
RESTRICTED GRANTS:									
Student Financial Aid	4,117	3.4	3.5	123	0.1	0.1	4,240	3.5	3.6
Basic Research & Departmental Grants	10,365	8.6	7.7	526	0.4	0.5	10,891	9.0	8.2
Faculty Compensation	858	0.7	1.3	793	0.7	0.2	1,651	1.4	1.5
Physical Plant	739	0.6	1.9	6,612	5.5	5.8	7,351	6.1	7.7
Other Restricted Grants	7,960	6.6	4.4	358	0.3	2.6	8,318	6.9	7.0
TOTAL DIRECT GRANTS	\$ 51,706	42.8%	44.7%	\$ 18,027	14.9%	18.5%	\$ 69,733	57.7%	63.2%
INDIRECT GRANTS-FUND-RAISING GROUPS	9,470	7.8	8.1				9,470	7.8	8.1
TOTAL SUPPORT OF COLLEGES & UNIVERSITIES	\$ 61,176	50.6%	52.8%	\$ 18,027	14.9%	18.5%	\$ 79,203	65.5%	71.3%
SCHOLARSHIPS & FELLOWSHIPS	15,419	12.7	13.1				15,419	12.7	13.1
PRIMARY & SECONDARY EDUCATION	5,524	4.6	3.1				5,524	4.6	3.1
OTHER EDUCATIONAL CONTRIBUTIONS	20,836	17.2	12.5				20,836	17.2	12.5
TOTAL CORPORATE SUPPORT OF EDUCATION	\$102,955	85.1%	81.5%	\$18,027	14.9%	18.5%	\$120,982	100.0%	100.0%

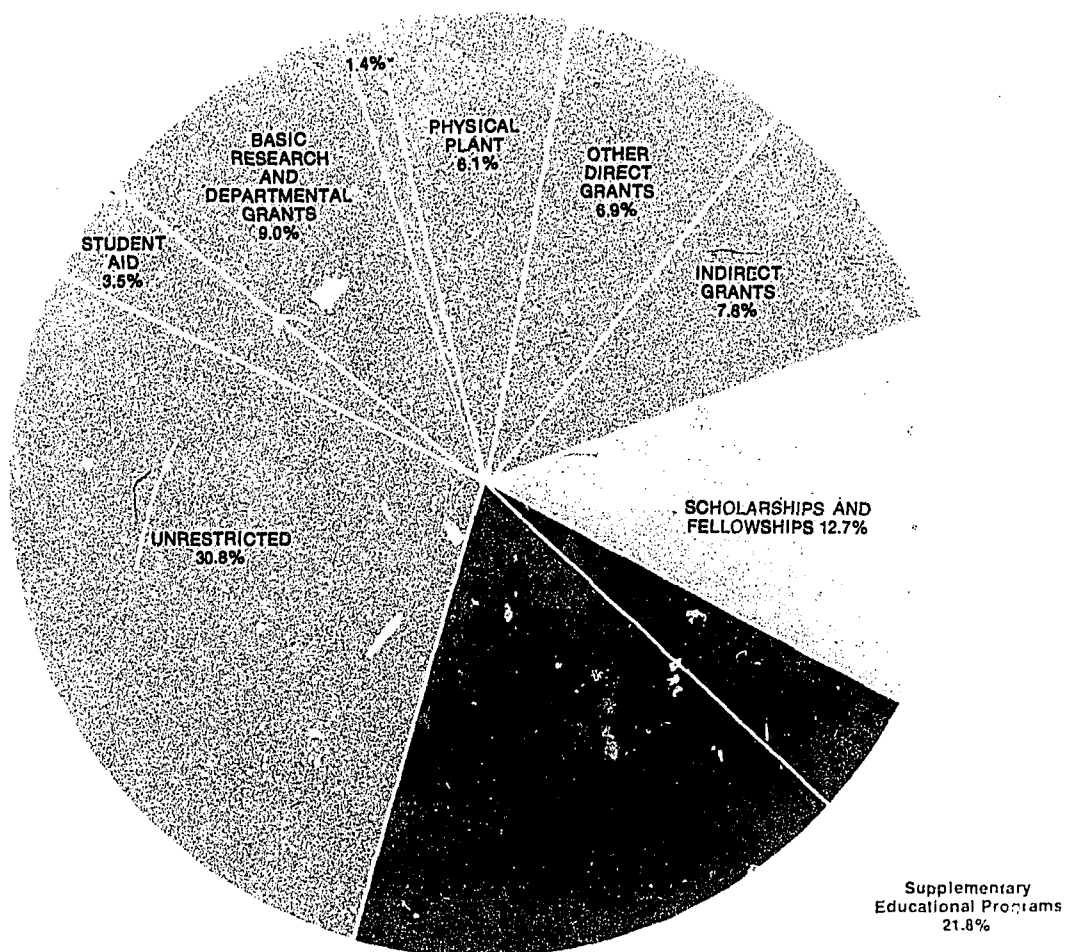
* 1972 - 384 companies.
1970 - 498 companies.

Many Changes in Giving Patterns

In terms of the types of educational grants and the purposes for which they were made, corporate support of education changed significantly between 1970 and 1972. The details are shown in Table VI and on Chart 6.

1. Corporate support, direct and indirect, of colleges and universities decreased from 71.3% of the total in 1970 to 65.5% of the total in 1972.
2. Supplementary educational programs, including support of educational associations, in-house institutes and seminars, and international education, rose in importance from 12.5% to 17.2%.
3. Unrestricted grants dropped sharply as a percentage of the total. Such grants had accounted for 35.2% of the total in 1970; they accounted for only 30.8% of the total in 1972.
4. Among the restricted grants, there was a significant increase in the proportion designated for research purposes and for specific academic departments, and a decrease in relative importance of physical plant money. Scholarships and fellowships, and other forms of student aid, also declined as a percentage of the total.
5. Support for capital purposes declined from 18.5% of the total in 1970 to 14.9% of the total in 1972. This represents a continuation of a similar shift away from capital support to support for current operations that had taken place between 1968 and 1970.
6. Corporate support of primary and secondary education increased from 3.1% of the total in 1970 to 4.6% in 1972.

Chart 6
CORPORATE SUPPORT OF EDUCATION BY PURPOSE, 1972**



* Faculty Compensation.
** Based on Data from 384 companies.

Table VII. ESTIMATED CORPORATE SUPPORT OF EDUCATION IN 1973

	1973	1972	% Change	Number of Companies Reporting		
				Increase	Decrease	No Change
BANKS (47)	\$ 5,318,136	\$ 5,061,498	+ 5.1	30	13	4
ENGINEERING & CONSTRUCTION (10)	691,091	609,459	+13.4	9	1	0
FINANCE (4)	488,000	456,825	+ 6.8	3	0	1
INSURANCE (49)	5,690,221	5,454,161	+ 4.3	29	15	5
MANUFACTURING (201)	85,554,890	83,501,604	+ 2.5	124	54	23
Chemicals (36)	19,757,019	20,399,405	- 3.1	26	6	4
Electrical Machinery (21)	22,023,060	22,426,500	- 1.8	14	6	1
Fabricated Metal (19)	675,050	641,686	+ 5.2	12	4	3
Food, Beverage & Tobacco (23)	3,826,438	3,562,942	+ 7.4	17	5	1
Machinery (21)	1,930,170	1,830,378	+ 5.5	15	4	2
Mining (8)	1,010,818	791,043	+27.8	4	3	1
Paper (12)	1,843,880	1,936,662	- 4.8	5	4	3
Petroleum & Gas (20)	19,478,751	17,573,776	+10.8	9	11	0
Primary Metal (14)	4,773,334	4,275,633	+11.6	7	5	2
Printing & Publishing (6)	384,000	349,399	+ 9.9	3	1	2
Rubber (4)	1,051,925	1,020,491	+ 3.1	2	1	1
Textiles (3)	1,422,000	1,551,735	- 8.4	2	1	0
Transportation Equipment (14)	7,378,445	7,141,954	+ 3.3	8	3	3
MERCHANDISING (13)	3,548,050	3,057,979	+16.0	11	2	0
TELECOMMUNICATIONS (16)	2,764,429	2,168,033	+27.5	11	5	0
TRANSPORTATION (3)	635,000	577,960	+ 9.9	2	0	1
UTILITIES (39)	3,356,419	3,302,023	+ 1.6	18	16	5
TOTAL (382)	\$108,046,236	\$104,189,542	+ 3.7	237	106	39

Prospects for 1973

In order to determine the most likely development of corporate support of education in 1973, the Survey form included the following request: "Please estimate the dollar total of your 1973 support of education from budget data, allocations, or other sources."

A total of 382 companies responded to the question, and a comparison of their 1973 estimates with their 1972 figures showed the following:

Increase in 1973	237	(62.0%)
Decrease in 1973	106	(27.8%)
No change in 1973	39	(10.2%)

A complete tally, by industry, is given in Table VII, together with the actual dollar totals given by the respondents. Several observations are in order:

1. Nearly two-thirds of the respondents indicated that their 1973 contributions to education would show an increase and only about one-fourth indicated that their 1973 figures would show a decrease.
2. Many of those tallied as decreases reflect "round number" estimates that do not involve any appreciable change in dollar support of education. For example, of the 106 companies showing estimated decreases in 1973, 23 of them gave figures that were rounded downward to include only one or two significant digits, with the result that such decreases uniformly amounted to less than 10%.
3. By contrast, many of the 1973 estimates represented very substantial increases over 1972. In mining and

Appendix

I. Corporate Support of Higher Education and the Expenditures of Colleges and Universities

telecommunications, for example, the total estimate for all 24 companies providing data involved a year-to-year increase in excess of 27%, despite the fact that one-third of the respondents estimated decreases in 1973.

4. Four industries show estimated increases of more than 10% and two others show increases of 9.9%. For all six industries combined, the year-to-year increase amounts to 11.6%.
5. Relatively minor decreases in educational support on the part of a small number of large companies account for the four industry groups which show an estimated decrease in 1973. These four industries include only 72 companies, or 18.8% of the total number of respondents in this tabulation. In dollar terms, however, these four industries reported \$46.3 million of educational support in 1972, or 44.4% of the total reported by all 382 respondents. They reported \$45.0 million as estimated support in 1973, or 2.7% less than in 1972, and all of this decrease was accounted for by only 17 companies.
6. Excluding the four industries whose 1973 estimates show a decrease from 1972, the 1973 estimates for the remaining 17 industry groups, which include 310 companies, add up to an increase of 8.9% over the reported figures for 1972.
7. Past history indicates that the actual increase in total corporate support of education in 1973 will probably be greater than that estimated by the Survey respondents. There tends to be a time lag between changes in corporate earnings and changes in corporate contributions, and when earnings exceed expectations there are nearly always upward revisions in corporate contributions. While no precise estimate of corporate pre-tax net income in 1973 is as yet available, the indications are that the increase over 1972 will be in the neighborhood of 20-25%. Since the increases in 1971 and 1972 were much smaller, it would appear that some of the current rise of earnings was not expected, and that there will be upward revisions in educational support programs beyond the levels contemplated earlier in the year.

Although the figures shown for 1972 in Table VI (p. 16) are slightly distorted by large non-recurring items reported by two major companies, the overall distribution of corporate support of education by purpose is broadly consistent with the figures reported in previous Surveys. Between 65% and 70% of the total consists of direct and indirect support of colleges and universities; the other 30-35% goes for scholarships and fellowships (other than those administered by the schools), grants to primary and secondary education, support of educational associations and a variety of miscellaneous contributions of an educational nature.

Assuming that this division of the corporate educational dollar is as applicable to the corporate community as a whole as it is to the Survey sample, then, out of the \$365 million estimated support of education in 1972, the support of institutions of higher education was in the neighborhood of \$250 million. This figure is reasonably consistent with an estimate of total corporate support received by all colleges and universities in 1971-72, based on information reported in the Survey, **Voluntary Support of Education 1971-72**.

Table VIII. CORPORATE SUPPORT AND EDUCATIONAL EXPENDITURES

	Total Expenditures of Institutions of Higher Education* (billions)	Total Voluntary Support of Institutions of Higher Education** (millions)	Corporate Support as a Percentage of Total Voluntary Support**	Corporate Support of Institutions of Higher Education** (millions)
1958-59	\$ 6.2	\$ 760 (12.3%)	15.7	\$119 (1.9%)
1959-60	6.7	815 (12.1)	16.0	130 (1.9)
1960-61	7.7	900 (11.7)	16.3	147 (1.9)
1961-62	8.5	950 (11.2)	16.2	154 (1.8)
1962-63	10.2	1,050 (10.3)	16.1	169 (1.7)
1963-64	11.3	1,215 (10.8)	15.0	182 (1.6)
1964-65	12.9	1,400 (10.9)	14.0	196 (1.5)
1965-66	15.2	1,410 (9.3)	16.0	226 (1.5)
1966-67	17.5	1,450 (8.3)	16.8	240 (1.4)
1967-68	19.9	1,570 (7.9)	15.6	245 (1.2)
1968-69	22.1	1,800 (8.1)	15.1	272 (1.2)
1969-70	24.7	1,780 (7.2)	15.1	269 (1.1)
1970-71	27.4	1,860 (6.8)	13.9	259 (0.9)
1971-72	29.9	2,020 (6.8)	13.6	275 (0.9)
1972-73	32.5	n.a.	n.a.	n.a.

* U. S. Office of Education.

** Estimates by CFAE from Surveys of Voluntary Support and other sources.

n.a. — not available.

This table is included here to show the relative importance of corporate support of colleges and universities in the context of the total expenditure requirements of the institutions of higher education and of total voluntary support from all sources. Several points are worthy of comment:

1. The total expenditures of colleges and universities in 1971-72, including capital outlays, were nearly five times as large as they were in 1958-59. This upsurge is due to a combination of enrollment growth, increased real costs of education per student, and inflation.
2. The financial support of colleges and universities by business corporations increased about 130% in this period. This is somewhat slower than the growth of total voluntary support from all sources, which was 166%, so that there has been a slight decline in corporate support as a percentage of total voluntary support.
3. Since expenditures have grown more rapidly than voluntary support, the relative importance of voluntary support, when measured against expenditures, has declined. Total voluntary support was equal to 12.3% of expenditures in 1958-59 and only 6.8% in 1971-72. Corporate support amounted to 1.9% of total expenditures in 1958-59 and only 0.9% in 1971-72.

II. A Note on Survey Technique

The questionnaire used to obtain the information upon which this report is based was similar to that used in 1970. The responding companies were not asked to supply background information on their own assets, sales, and pre-tax net income. From earlier Surveys it had become clear that the overwhelming majority of participating companies were firms whose annual reports were readily available in public references. Accordingly, these questions were omitted from the 1970 and 1972 Survey forms in the hopes that the resulting simplification would induce a greater degree of corporate participation in the Survey.

The corporate financial information used in this report was obtained by CFAE from the various manuals published by Moody's Investors Service and, for the insur-

ance companies, from **1973 Life Reports** (The National Underwriter Company). The net income figures were taken before income taxes and exclusive of extraordinary charges or credits. This procedure ensures a high degree of comparability among the various industries represented, and permits a reasonable comparison between the sample totals and the relevant national estimates.

III. A Note on Pre-Tax Net Income and Contributions

There is no authoritative tabulation of total corporate pre-tax net income as reported to corporate stockholders. The annual **Statistics of Income**, published by the U.S. Department of the Treasury, Internal Revenue Service, contains summaries of the income tax returns of all active corporations, based on sample estimates, which include figures for net income as defined by the Internal Revenue Code. This definition and the figures reported seriously understate corporate income as recorded on the corporate books of account. The amount of understatement has varied with changes in the tax laws, but it has been in the range from \$7 billion to \$12 billion in recent years.

The U.S. Department of Commerce, Office of Business Economics, prepares estimates of corporate profits before income taxes defined in accord with other concepts in the national income accounts. This definition also understates corporate income as reported to stockholders but by much smaller amounts than is the case with income reported for tax purposes. For this reason, and because they are not affected by changes in the tax law, these figures have been used for the purpose of making national estimates of information reported in this Survey.

Similarly, there exists no authoritative information on total corporate contributions and gifts. The IRS summaries mentioned above include data on contributions and gifts as reported for tax purposes. These figures are accepted widely as a measure of total contributions by the business community although they are distorted by the transactions involving company-sponsored foundations (see p. 5). Rough estimates of the IRS data for the most recent years are prepared by the American Association of Fund-Raising Counsel.

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West Coast Consultant

William W. Gordon
P.O. Box 2183
La Jolla, California 92037